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NELSON H. KOYANAGI, JR.
DIRECTOR

GARY T. KUOKAWA
DEPUTY DIRECTOR

June 9, 2015

The Honorable Ann H. Kobayashi, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
2015 JUN 10 A 10:46
CITY COUNCIL
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Bill for an Ordinance - Proposed CD1 to Bill 30 (2015)

The Department of Budget and Fiscal Services has attached for your consideration and adoption a proposed CD1 to Bill 30 (2015) that will revise the real property tax exemption under Revised Ordinances of Honolulu, Section 8-10.24 Exemption – Credit union.

The proposed changes of the CD1 recognize the credit union as a not-for-profit organization and a contributor to the real property tax base beyond the minimum level.

If you have any questions, please call me at 768-3901.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi Jr.", is written over the name.

Nelson H. Koyanagi Jr., Director
Budget and Fiscal Services

Attachment

APPROVED:

A handwritten signature in black ink, appearing to read "Roy K. Amemiya, Jr.", is written over the name.

Roy K. Amemiya, Jr.
Managing Director



A BILL FOR AN ORDINANCE **PROPOSED**

RELATING TO THE REAL PROPERTY TAX EXEMPTION FOR CREDIT UNIONS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to amend the real property tax exemption for credit unions.

SECTION 2. Section 8-10.24, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

"Sec. 8-10.24 Exemption—Credit union.

- (a) Real property owned in fee simple or leased for a period of one year or more by a federal or state credit union which is actually and exclusively used for credit union purposes shall be exempt from real property taxes to the extent taxes assessed exceed _____ times the minimum tax rate. If the property for which exemption is claimed is leased, the lease agreement shall be in force and recorded in the bureau of conveyances at the time the exemption is claimed. As used in this section, "federal credit union" means a credit union organized under the Federal Credit Union Act of 1934, 12 U.S.C. Chapter 14, as amended, and "state credit union" means a credit union organized under the Hawaii Credit Union Act, HRS Chapter 410, as amended.
- (b) If any portion of the property which might otherwise be exempted under this section is used for commercial or other purposes not within the conditions necessary for exemption (including any use the primary purpose of which is to produce income even though such income is to be used for or in furtherance of the exempt purposes) that portion of the premises shall not be exempt but the remaining portion of the premises shall not be deprived of the exemption if the remaining portion is used exclusively for purposes within the conditions necessary for exemption. In the event of an exemption of a portion of a building, the tax shall be assessed upon so much of the value of the building (including the land thereunder and the appurtenant premises) as the proportion of the floor space of the nonexempt portion bears to the total floor space of the building."

SECTION 3. New material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets or the bracketed material.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 30 (2015) CD1

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance takes effect upon its approval and applies to the tax years beginning July 1, 2016.

INTRODUCED BY:

Ernest Y. Martin (br)

DATE OF INTRODUCTION:

April 13, 2015
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

KIRK CALDWELL, Mayor
City and County of Honolulu